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Anticipated Legislation for the 106th Congress (2nd Session)

This publication of the *Legislative Digest* is designed to assist members and their staff with legislative planning for the coming session. Based on information obtained from both committee and leadership staff, this document will be supplemented periodically with a companion publication, *Radar Screen*, that follows major legislation as it moves through the legislative process.

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— Agriculture —

Agriculture Risk Protection Act (H.R. 2559) — Last September, the House passed a comprehensive bill to improve the federal crop insurance program. The bill aims to increase participation in the crop insurance program, improve program administration, and bolster the compliance and enforcement program of the Risk Management Agency (RMA). The bill reduces the cost of crop insurance for farmers by increasing the percentage the federal government pays for premiums. It limits agency-imposed reductions in yields farmers can insure due to past crop losses from natural disasters and provides assistance to producers wishing to insure against price and income risk. The measure also (1) authorizes research and development of new policies, including \$25 million to research for policies to serve specialty crops and underserved commodities; (2) allows farmers to plant a second crop when the first crop was prevented from being planted because of bad weather; (3) provides each crop the same level of “prevented planting” coverage; (4) imposes sanctions against fraud, waste, and abuse in the federal crop insurance program; and (5) includes measures to increase the integrity of the federal crop insurance program. The House passed the measure by voice vote on September 29, 1999. The Senate has not yet acted on the measure.

Commodity Exchange Act Reauthorization — The authorization for the 1934 Commodity Exchange Act expires at the end of this fiscal year. The committee intends to draft a bill that not only reauthorizes the law, but also makes some changes to the statutory authority of the Commodity Futures Trading Commission. The bill also will likely address the statutory treatment of swaps and derivatives, electronic trading systems, clearing systems, and the current development and inter-connectedness of the national and international derivatives market. Derivatives are tools used to manage risk not only by financial institutions, but also by businesses of all types. Agricultural producers use derivatives to offset price risk. Hence, the reauthorization process will focus on the continued importance of the futures market in providing price discovery and risk management for America’s farmers and ranchers. Increasing American competitiveness, while maintaining investor safeguards, remains the focus of the committee as it addresses this issue.

Farm Economy Legislation — Beginning in February, the committee will conduct a series of hearings on the full panoply of federal issues affecting agriculture and ranching businesses in the United States. Farmers, ranchers, agriculture economists, and federal administrators will testify in efforts to identify the principal problems affecting the agriculture and ranching business. The committee then intends to develop legislation to ameliorate current industry production problems. This will likely be done in conjunction with the current Senate initiative to increase federal funding for agriculture programs. Possible legislation may include: increasing loan rates, increasing AMTA (Agriculture Market Transition Act) payments, creating some sort of supplemental income payment, and increasing/modifying conservation program acreage limits and eligibility criteria.

Plant Protection Act — The committee expects to consider legislation (probably based on Mr. Canady’s H.R. 1504) to consolidate and harmonize statutory authorities of USDA’s Animal and Plant Health Inspection Service regarding interstate plant shipment, inspection, and quarantine. The legislation consolidates existing authorities of the Agriculture Secretary to control or restrict the importation or interstate movement of plants, plant products, biological control organisms, plant pests, and noxious weeds. In addition, the bill coordinates existing authorities of the secretary regarding (1) plant introduction or movement; (2) inspections, warrants, and seizures; and (3) information collection. Finally, the bill enhances the investigation authorities of the secretary as well as existing civil penalty provisions.

United States Grain Standards Act (USGSA) Reauthorization — Several provisions of this law expire at the end of FY 2000 and need to be reauthorized. The USGSA, originally enacted in 1911 (*P.L. 64-190*), provides the statutory authority for the Agriculture Secretary to certify the quality of grain through inspections, grading, and other procedures. The Agriculture Committee, in addition to reauthorizing these programs, is considering making some changes to the U.S. Warehouse Act in order to facilitate electronic commerce to increase efficiency. The Warehouse Act authorizes the secretary to inspect, investigate, classify, and license grain warehouses. Both acts were last reauthorized and amended in the 1996 Farm Bill (*P.L. 104-130*).

— Appropriations —

FY 2000 Supplemental Appropriations — Press reports indicate that the Clinton Administration may request between \$2 billion-\$6 billion in supplemental funding early this year. A supplemental appropriations bill, if considered, may include additional funding for (1) peacekeeping operations in Kosovo; (2) international drug interdiction activities; (3) natural disaster assistance; and (4) 2000 census operations.

FY 2001 Appropriations Bills — The Republican leadership has stated it wants the Appropriations Committee to begin its annual consideration of 13 appropriations bills earlier than usual this year. Through the budget resolution—a spending plan that defines in broad terms how much the government will take in through taxes and other receipts, and spend on all government accounts during the coming fiscal year—Congress determines the total amount of discretionary spending for the year. Discretionary spending is allocated to the Appropriations Committees in both chambers that must be subdivided among the 13 Appropriations subcommittees. If all 13 appropriations bills are not enacted before the new fiscal year (October 1), then Congress must pass and the president must sign a continuing resolution to provide temporary funding for government operations and programs to avert a partial government shutdown.

— Armed Services —

Department of Defense (DOD) Authorization — DOD programs are authorized annually in a bill that includes funding for procurement, research and development, operation and maintenance, personnel accounts, and military construction. The FY 2001 authorization bill will likely spark debates over basic budget trade-offs (the size of the armed forces, weapons modernization, military readiness, and quality of life issues).

Last year, Congress authorized (*P.L. 106-65*) \$288.8 billion in new budget authority for the country's defense activities in FY 2000, approximately \$8.3 billion more than the president's request. The Armed Services Committee pushed for substantial increases over the president's request in procurement, research and development, operation and maintenance, personnel issues such as higher pay and increased benefits, and military construction and family housing accounts.

The committee plans to begin drafting a bill sometime in April. Once again the committee will focus attention at the "pillars" of a strong national defense: improving quality of life for service members and their families, sustaining readiness, and providing for a more robust modernization program. The committee believes that serious mismatches still exist between the requirements being imposed on the military services and the resources that are budgeted to fund them. Last fall, even after Congress added \$8 billion to the

president's defense budget request, senior military leaders testified before the Armed Services Committee that there remains almost \$9 billion in shortfalls for critical quality of life issues, readiness, and modernization for FY 2000 (this figure does not take into account the billions of dollars not yet requested by the president to pay for currently unbudgeted peacekeeping operations in Kosovo). Therefore, the committee will continue to work to gain additional resources to address mounting funding deficiencies.

— Banking & Financial Services —

American Homeownership and Economic Renewal Act (H.R. 1776) — H.R. 1776 reduces barriers to affordable housing by authorizing grants to states and local governments for regulatory barrier removal strategies. The proposal requires all federal agencies to include a housing impact analysis with any proposed regulation to certify that the regulation will have no significant negative impact on the availability of affordable housing. Local nonprofit and community development groups will be able to offer alternatives if such regulations have a negative impact on affordable housing. The legislation also enables families who receive federal housing assistance, such as public housing or Section 8 housing, to use these funds to achieve homeownership in the form of a down payment or monthly mortgage payment assistance. The measure also includes the text of H.R. 710 (the Manufactured Housing Improvement Act) to create a process for keeping construction standards updated in a timely manner; improve management of the federal program by creating a “consensus committee” of consumers, industry experts and government officials to advise HUD on safety standards and regulatory enforcement; and require HUD to ensure that disparate state and local requirements do not affect the uniformity and comprehensiveness of the standards. The committee has not yet marked up the measure; however, it is expected to act on the bill early this year.

Community Development Financial Institutions (CDFI) Fund Amendments Act (H.R. 629) — H.R. 629 reauthorizes the community development financial institutions (CDFI) fund through FY 2003 (the fund's current authorization expires at the end of FY 1999). Specifically, the bill authorizes \$95 million for FY 2000, \$100 million for FY 2001, \$105 million for FY 2002, and \$110 million for FY 2003. In addition, the bill makes a number of changes to ensure the integrity of the grant process and enhance program effectiveness. The measure was introduced by Mrs. Roukema and Mr. Vento and was reported by the Banking & Financial Services Committee (*H.Rept. 106-183*) by voice vote on May 26, 1999.

Depository Institution Regulatory Streamlining Act (H.R. 1585) — H.R. 1585 is designed to reduce the regulatory burden on national banks, state banks, and savings associations. Specifically, it streamlines the regulation of depository institutions and safeguards confidential banking and credit union supervisory information in order to (1) improve monetary policy; (2) improve depository institution management practices; and (3) streamline federal agency requirements. In the 105th Congress, the House passed similar legislation (H.R. 4364) by voice vote. The Banking Financial Institutions and Consumer Credit Subcommittee held a hearing on the bill last year is expected to consider it sometime early this year; however, no date for subcommittee markup has yet been scheduled.

FDIC Examination Enhancement and Insurance Fund Protection Act (H.R. 3374) — The Banking & Financial Services Committee may consider legislation to strengthen the authority of the Federal Deposit Insurance Corporation (FDIC) to conduct special examinations of insured financial institutions in troubled financial condition in certain circumstances. Specifically, the bill (1) transfers from the FDIC Board to the FDIC Chairperson the authority to determine when a special examination of a financial institution is necessary to determine its financial condition; (2) requires federal banking agencies to establish information

sharing procedures so that the FDIC can determine the risk that a financial institution poses to the Insurance Fund; (3) requires the FDIC Chairperson to notify other FDIC board members and, when appropriate, the Federal Reserve and the appropriate state bank supervisor when a decision is made to conduct a special exam; and (4) require the FDIC to coordinate its examination efforts with other agencies to minimize any disruption to financial institutions. The intent of the measure is not to press new FDIC regulation on the banking system, but to stress that in unusual, special circumstances the FDIC should be able to act as an independent, rather than subordinate, agency of government.

Financial Contract Netting Improvement Act (H.R. 1161) — The House passed as part of its Bankruptcy Reform legislation (H.R. 833) provisions to guard against systemic risk—which is defined as the possibility of the failure of a firm or market spreading disruption to other markets or the economy as a whole—to the nation’s financial system. The Banking & Financial Services Committee may consider legislation introduced by Chairman Leach (H.R. 1161) to address this issue as separate legislation. The bill is designed to curb the systemic risk that could arise if a financial institution involved in a complex derivative contract goes bankrupt. Derivatives—financial instruments whose value are derived from an underlying financial security—include options, futures and swaps, among with other complex financial products. The bill addresses the threat posed by the inability of some businesses to terminate contracts with financially insolvent, or bankrupt, entities. The measure strengthens the statutory protections for “netting” of financial market contracts and revises and clarifies the definitions of the types of contracts that benefit from netting. Netting is the practice by which the amounts due between parties in the event of default are calculated as one net amount, which is intended to reduce risk by cutting the number and size of payments necessary to complete transactions. While current law already allows for such netting, some members believe that current law must be strengthened and updated to keep pace with market innovations.

Hedge Funds — Hedge funds are flexible investment instruments (*i.e.*, using a pool of invested money much like a mutual fund) that use a variety of different strategies (*e.g.*, using short selling, arbitrage, leverage, or trading options and derivatives) and are not subject to the same regulations as other investments such as bonds, mutual funds, and money market funds. Specifically, the committee will review the activities of banks in domestic and foreign capital markets, including their trading practices, policies for extending loans to hedge funds and other speculative groups, and methods for assessing and mitigating risk. In the wake of bank losses in 1998 from transactions with such funds, the committee may consider a bill (H.R. 2924; Hedge Fund Disclosure Act) introduced by Mr. Baker that requires large (over \$3 billion) hedge funds to make quarterly disclosures of the size and risks of their portfolios. In addition, the committee may address the issue of systemic risk from over-the-counter derivatives as part of the Commodity Futures Trading Commission (CFTC) reauthorization process (the CFTC’s authorization expires on September 30, 2000).

Homeless Housing Programs Consolidation and Flexibility Act (H.R. 1073) — H.R. 1073 amends the Stewart B. McKinney Homeless Assistance Act (*P.L. 100-77*) to consolidate seven existing homeless aid programs into one block grant program that provides states and communities with flexibility to use available funds more effectively. The bill requires local communities to add public or private funds to match any federal dollar (typically at a rate of 50 percent), and establishes procedures for greater local accountability of expenditures. The House passed similar legislation in the 105th Congress (H.R. 217; *H.Rept. 105-407*) by a vote of 386-23; however, the Senate did not act on the measure before adjournment. The Banking Subcommittee on Housing and Community Opportunity approved the measure by voice vote on April 15. The House is expected to consider the measure sometime early this year.

Homeowners' Insurance Availability Act (H.R. 21) — H.R. 21 provides a voluntary federal reinsurance program which “backs-up” state reinsurance programs and regions of the country vulnerable to natural disaster. This proposal addresses the current lack of available or affordable single-family home insurance in highly disaster-prone areas such as Florida, Hawaii, and California, where the potential for property losses exceeds the state’s ability to adequately insure and provide coverage. The federal reinsurance program is paid through premiums received directly from the states that are based on actuarial rates. The increased availability of catastrophic reinsurance will permit companies that currently do not underwrite in disaster prone areas to do so, thus further spreading risk among insurance carriers and creating a more competitive insurance policy environment. Furthermore, companies that might otherwise abandon a region following a disaster will be encouraged to maintain their policies, thus providing much needed stability for homeowners. H.R. 21 was introduced by Mr. Lazio *et al.* and was reported by the Banking and Financial Services Committee by a vote of 34-18 on November 10, 1999.

Money Laundering — The Banking & Financial Services Committee may consider measures to strengthen federal law enforcement efforts to combat money laundering—the process by which criminal elements seek to convert the monetary proceeds of their illicit activity into funds through an apparently legal source. In the 105th Congress, the House passed the Money Laundering Deterrence Act (H.R. 4005; *H.Rept. 105-611, Pt. I*) by voice vote; however, the Senate did not act on the measure before adjournment. Last year, Mr. Leach and Mrs. Roukema introduced legislation (H.R. 2896 & H.R. 240) on this issue and held several hearings at the full and subcommittee level. In addition, Mrs. Roukema intends to work closely with House Crime Subcommittee Chairman McCollum to use the Justice Department’s recent recommendations as the basis for a joint proposal to crack down on money laundering. The committee may consider these as well as other measures to combat money laundering.

Private Mortgage Insurance Technical Changes — In 1998, Congress enacted legislation (*P.L. 105-216*) that automatically cancels private mortgage insurance when it is no longer required, saving the average homeowner thousands of dollars in unnecessary expense. Private mortgage insurance is used to protect the lender or secondary market investor from loss if the borrower defaults on a low-downpayment loan. As time passes, the borrower’s equity in the property increases and the risk of default decreases, to the point where mortgage insurance is no longer necessary. However, consumers had complained of an increasing practice by the lenders to continue charging PMI premiums when it was no longer needed. The Financial Institutions Subcommittee is expected to make some technical corrections to the new law.

Regulatory Consolidation/Deposit Insurance Merger — Financial Institutions and Consumer Credit Subcommittee Chairwoman Roukema is expected to introduce legislation to merge the Bank Insurance Fund (BIF), which insures bank deposits, and the Savings Association Insurance Fund (SAIF), which insures thrift deposits. Merging the deposit insurance funds is expected to better protect depositors and taxpayers from the threat of large bank failures. The legislation will establish the Office of Thrift Supervision as a separate division within the Office of the Comptroller of the Currency. Regulation of thrifts will not be changed, but consolidation of the two agencies is expected to lead to significant administrative cost savings. In addition, the measure will transfer savings and loan holding company regulation to the Federal Reserve, consolidating all holding company regulation under one regulator.

Rural Loan Guarantees for Satellite Television — The Banking & Financial Services Committee may consider legislation to establish a \$1.25 billion loan guarantee program to encourage satellite television companies to provide programming in rural areas. This provision was included last year in the conference agreement on the 1999 Satellite Home Viewers Improvement Act (H.R. 1554; *H.R. 106-479*); however,

the Senate never passed the conference report. The provision was later dropped from the agreement when it was included in the 1999 Consolidated Appropriations Act (*P.L. 106-113*).

— Budget —

Budget Reform/Biennial Budgeting — The Budget Committee plans to report a measure, with floor consideration likely by April, to require Congress to adopt a two-year budget resolution and pass two-year appropriations bills. Such a measure stems from a bipartisan consensus that the current budget process is not working as it should. The annual appropriations process, critics charge, lends itself to last-minute, hastily-cobbled-together budgets. The biennial budget proposal is of a piece with other significant budget reform proposals, such as giving the annual budget resolution the force of law, automatic continuing resolutions, and easing pay-as-you-go rules to allow non-Social Security surpluses to be used for tax cuts or new entitlement spending. Such reforms have met considerable opposition and probably will not be considered this year.

Budget Resolution — For only the fourth time since enactment of the 1974 Budget Act (*P.L. 93-344*), Congress met its April 15 deadline for passing a budget resolution. House leaders intend to meet the deadline again this year. It is unlikely that this year's budget blueprint will live within the discretionary spending caps established by the 1997 balanced budget agreement; they have been broken each subsequent year. Like last year's measure, the FY 2001 budget resolution will likely include a blueprint for tax relief and protecting the Social Security surplus. In addition, Speaker Hastert this month directed the Budget Committee to include a plan to retire the \$3.6 trillion publicly-held debt by 2015 in this year's budget resolution.

— Commerce —

Consumer and Investor Access to Information Act (H.R. 1858) — Chairman Bliley introduced bipartisan legislation early last year to ensure that all Americans continue to have full access to information on the Internet, such as stock quotes used for online trading. The legislation prevents the distribution of pirated databases, which may threaten investment in creating new databases, while ensuring the ability to reuse information to create a new database. The legislation attempts to strike a balance between protecting the rights of those who publish real-time stock quotes and continuing to protect an investor's ability to gain access to this information. As more and more people use the Internet to make investment decisions like price shopping, mortgage comparisons, and personnel investment choices, bill proponents argue that safeguards must be enacted to ensure that as few disruptions as possible in this growing marketplace. The legislation is also expected to support educational endeavors where accurate information is paramount to learning, teaching, and research. The Commerce Subcommittee on Finance and Hazardous Materials reported Title II of the bill by voice vote on July 21, and the Commerce Subcommittee on Telecommunications, Trade, and Consumer Protection reported Title I by voice vote on July 29. In addition, the Judiciary Committee approved its own version of database protection legislation (H.R. 354) by voice vote on May 26. Currently, the two committees are attempting to resolve differences between their respective bills.

Drug Addiction Treatment Act (H.R. 2634) — H.R. 2634 amends certain registration requirements under the 1970 Controlled Substances Act (*P.L. 91-513*) for practitioners who dispense narcotic drugs in schedule IV or V for maintenance or detoxification treatment. It frees qualified physicians to treat their addicted patients using schedule IV or V drugs, advances the development and approval of schedule IV and V narcotic drugs suitable for addiction treatment purposes, and offers the prospect of medical treatment for many Americans for whom other treatment programs are too costly. Under existing law, physicians must register with the Drug Enforcement Administration (DEA) in order to dispense controlled substances. If physicians wish to dispense narcotic controlled substances for maintenance and detoxification treatment, they must have the additional prior approval of the DEA, as well as the endorsement of state and local regulatory authorities, and the drugs used in treatment must have been approved by the Food and Drug Administration (FDA). The bill waives the additional approval process for qualified physicians who comply with the waiver procedure. The Commerce Committee reported the bill by voice vote on October 13, 1999, and it is now ready for floor action.

Electric Signatures in Global and National (E-SIGN) Commerce Act Conference Report (H.R. 1714) — House and Senate negotiators are poised to begin resolving differences over legislation to allow electronic signatures to hold the same legal protections and guarantees as written signatures. Last year's House-passed bill (1) addresses the validity of electronic signatures under state law for purposes of interstate and foreign commerce, (2) directs the Commerce Secretary to promote the international acceptance of electronic signatures, and (3) addresses the validity of electronic signatures for securities transactions.

The House passed H.R. 1714 by a vote of 356-66 on November 9, 1999. The Senate passed its version (S. 761) by voice vote on November 19, 1999. The main dispute in the conference will be over the use of electronic records. The House bill allows the use of electronic records as a way to notify individuals for such things as consumer information as well as electronic signatures. The Senate bill focuses only on authorizing the use of electronic signatures. Opponents of the House-passed bill want to push for language to allow states to undo some of the bill's preemption language because they feel there is a need for a consumer to receive certain records in writing.

Electricity Competition and Reliability Act (H.R. 2944) — The Commerce Committee has conducted a lengthy hearing process (34 hearings and 356 witnesses over four years) to examine the benefits of competition in retail electricity markets. In the past year, a growing number of states have opened retail electric markets, making passage of comprehensive federal legislation in the 106th Congress a top priority. On October 28, 1999, the Subcommittee on Energy and Power reported H.R. 2944 to the full committee by a vote of 17-11. The committee will continue to focus on consumer benefits of restructuring: lower prices and better services. The full committee intends to address regulation of interstate and foreign commerce, governance of the transmission grid, reliability of the grid, and other reforms to lower barriers to entry, promote fair competition, and ensure consumer benefits in price, reliability, and innovation.

Health Care Quality (H.R. 2990/S. 1344) — Last year, the House appointed conferees to resolve differences between H.R. 2990 (which includes the text of H.R. 2723, the Bipartisan Managed Care Improvement Act), which passed the House by a vote of 227-205 on October 6, 1999, and the Senate version (S. 1344), which passed by a vote of 53-47 on July 15, 1999.

H.R. 2990 includes measures designed to ensure that the nation's health care system is accessible, affordable, and accountable. Specifically, the measure (1) includes a number of health care tax relief measures; (2) establishes a process for certifying association health plans (AHPs); (3) expands medical savings accounts (MSAs) to increase access to health care services and patient control of health care expendi-

tures; (4) creates “HealthMarts”—private, voluntary, and competitive health insurance “supermarkets” that transfer choice within the current employer-based health insurance market from small employers to their employees and dependents; and (5) permits Community Health Organizations (CHOs) to offer health insurance coverage in a state in which they are not licensed under certain conditions.

The measure also includes the text of H.R. 2723, which amends current law to establish new patient protections, set nationwide standards for health insurance, and expand medical liability. The measure establishes basic standards for utilization review (*i.e.*, establishing guidelines for how a plan reviews the medical decisions of its practitioner). The bill also expands health plan tort liability by permitting state causes of action under the 1974 Employment Retirement Income Security Act (ERISA; *P.L. 93-406*) to recover damages resulting from personal injury or for wrongful death for any action “in connection with the provision of insurance, administrative services, or medical services” by a group health plan. Finally, the measure includes a number of provisions designed to protect patients’ rights and ensure access to health care.

The main sticking point for the two chambers to resolve is whether to expand medical liability (the Senate bill does not), and if so, in what form and to what degree?

Hillory J. Farias Date Rape Prevention Drug Act (H.R. 2130/S. 1561) — The House will likely revisit legislation to enhance law enforcement efforts to control the distribution and abuse of certain “date-rape” drugs. Specifically, the bill amends the 1970 Controlled Substances Act (*P.L. 91-513*) to list (1) Gamma Hydroxybutyric Acid (GHB), also known as *ecstasy*, (a central nervous system depressant) as a Schedule I drug, which is the DEA’s most regulated drug category; (2) Ketamine (an animal tranquilizer), known as *special-K*, as a Schedule III drug; and (3) Gamma Butyrolactone (GBL—the chemical precursor to GHB) as a List I chemical, the DEA’s most regulated chemical category.

The bill also requires the HHS Secretary to develop and implement a national education campaign to inform young people, law enforcement personnel, educators, school nurses, rape victim counselors, and hospital emergency room personnel on (1) the dangers of the date-rape drugs; (2) the criminal penalties for abusing and selling date-rape drugs; (3) recognizing the symptoms of date-rape drug ingestion (including symptoms of sexual assault); and (4) how to help an affected individual. In addition, the secretary must establish an advisory committee to make recommendations to the secretary on the plan. Finally, the measure directs the secretary to submit to Congress annual estimates on the number cases of abuse of date-rape drugs. The House passed the bill by a 423-1 vote on October 12, 1999. The Senate passed similar legislation (S. 1561) by unanimous consent on November 19, 1999. The House is expected to consider the Senate bill for a vote early in the session.

Nuclear Waste Disposal — The Commerce Committee continues to attempt to resolve the issue of establishing a permanent repository for the nation’s nuclear waste. Since the Department of Energy (DOE) will not have a permanent storage facility ready until 2010 at Yucca Mountain in Nevada, it needs to establish an interim facility so that the federal government can live up to its legal obligation to begin accepting spent nuclear waste. Mr. Upton introduced legislation (H.R. 45) to establish an interim facility to store spent nuclear fuel. H.R. 45 revises the 1987 Nuclear Waste Policy Act (*P.L. 100-203*) to address problems and delays that have occurred during the development of an interim storage site and a permanent disposal site for nuclear waste. Specifically, the bill (1) outlines procedures by which the waste will be transported to an interim storage site; (2) enhances safety and emergency training of public safety officials in states through which the waste will be transported; (3) extends the date by which DOE must begin accepting waste at an interim site from 1998 to 2003; (4) increases the amount of waste that may be

accepted at the interim site; and (5) replaces the user fee, which is based on a flat rate, with a fee based on the amount needed to complete the project.

On April 21, 1999, the Commerce Committee passed an amended version of H.R. 45 by a vote of 40-6 in an attempt to find middle ground with the Clinton Administration. New provisions adopted to H.R. 45 include (1) moving the nuclear waste fund off-budget to free up the \$8 billion balance in the fund and the annual \$600 million ratepayer contributions to pay for construction at an interim site and the permanent site at Yucca Mountain; (2) authorizing DOE to take ownership of spent waste at utilities, until its movement to a temporary storage area, in exchange for nuclear electric companies dropping lawsuits against the government for failing to remove waste on time; and (3) prohibiting new lawsuits against DOE for failing to meet any new statutory deadlines.

Currently, the Senate is continuing to work on its version (S. 608) as reported out of the Energy and Natural Resources Committee. Notably, the current Senate version does not include centralized interim storage and does not provide a solution to the program's funding shortfall, both of which are key components of H.R. 45. The House is waiting to see whether this new compromise bill can garner a veto-proof majority in the Senate. It is also possible the Senate may reach an accommodation with the administration to remove the threat of a presidential veto. House action may remain on hold until the Senate resolves these issues.

Organ Procurement and Transplant Network Amendments (H.R. 2418) — The Commerce Committee reported legislation last year to ensure that organ transplant decision making remains, where it currently is and as it was originally intended, under the 1984 National Organ Transplant Act (NOTA). Currently, the United Network for Organ Sharing (UNOS), which is made up of a private group of doctors and administrators, is contracted to maintain a registry of people in need of organ transplants. In addition, UNOS is contracted to determine the criteria for who should receive available organs based on a person's medical condition and distance to where the organ is located. H.R. 2418 combines these two contracts to ensure that the current mode of operation is maintained where local patients have priority when an organ becomes available and, if no local patients are available, then UNOS looks elsewhere. The bill ensures that the medical community and not the government will retain control over the process. It also effectively blocks an HHS proposal to provide organs to patients in the most need of transplants regardless of their location. In addition, the bill requires that new, timely, and transplant center-specific information be made available to the public. Finally, the measure creates incentives for people to become organ donors and authorizes studies to discover who has the most innovative and successful approaches to organ recovery and donation in country. The committee reported the measure by voice vote on October 13, 1999.

Rental Fairness Act (H.R. 1954) — The bill establishes a simple legal rule for rental vehicles involved in accidents—that the party at fault should bear the responsibility for any liability incurred. Specifically, the bill protects vehicle rental companies from being held liable for the negligent or intentional acts of others solely because of its ownership of the vehicle. The legislation does not relieve rental companies of the responsibility to comply with a state's minimum financial responsibility or insurance regulations, and applies only to actions commenced after the legislation's enactment. These provisions are expected to generate more than \$100 million in annual savings for consumers from reduced liability costs as well as result in greater competition and availability of rental cars for consumers. The measure also protects the citizens of the 44 states that have already repealed their vicarious liability laws from being subject to unlimited liability without fault in the remaining six states. The Subcommittee on Finance and Hazardous Waste approved

the bill by a vote of 12-11 on November 2, 1999, clearing the way for full committee action early this session.

Satellite Privatization Conference Report (COMSAT; H.R. 3261) — House and Senate negotiators expect to resolve differences on legislation to amend the 1962 Communications Satellite Act (*P.L.* 87-624) to promote competition and privatization in satellite communications. The House-passed bill encourages the privatization of the intergovernmental satellite organizations (IGOs) that dominate international satellite communications and promotes a competitive satellite communications marketplace. It also ensures that the privatized entities be independent of the IGO signatories, which are predominately government-owned or controlled telecommunication monopolies that provide access to foreign markets. The bill promotes the privatization of Intelsat and Inmarsat by offering the incentive of access to the U.S. marketplace if the IGOs privatize in an expeditious and pro-competitive manner. The bill is designed to eliminate unfair advantages that IGOs or their spin-offs or successors might have over competitors because of their intergovernmental or former intergovernmental status. This in turn is expected to bring consumers lower prices, higher service quality, improved efficiency, innovative new products, and more choice. The House passed H.R. 3261 by voice vote on November 10. The Senate passed similar legislation (S. 376) by unanimous consent on July 12.

Superfund Reform (H.R. 2580) — H.R. 2580, the Land Recycling Act, amends the 1980 Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), otherwise known as the Superfund law, in two fundamental ways. First, it promotes the redevelopment of so-called “brownfields,” abandoned commercial sites where environmental matters are complicate redevelopment efforts by removing the barriers to redevelopment that current law currently poses. By cleaning up and redeveloping brownfields, this measure seeks to help restore state and local tax bases, promote job growth in urban areas, and help prevent urban sprawl into “greenfield” (untouched rural land) areas. The measure also is designed to make the Superfund program more fair by providing defenses and exemptions to liability for parties who did not cause or contribute to environmental contamination as well as to small businesses, recyclers, and others who are vulnerable to a disproportionate level of liability. The Commerce Committee passed H.R. 2580, introduced by Mr. Greenwood, by a vote of 30-21 on October 13, 1999. The Transportation & Infrastructure Committee also has reported a bill (H.R. 1300), introduced by Mr. Boehlert. The two committees are currently in the process of reconciling their respective bills; however, no agreement on whether to reinstate Superfund taxes—which expired in 1995—has yet been resolved with Ways & Means Chairman Archer.

— Education & the Workforce —

ESEA Reauthorization (H.R. 2, H.R. 1995 Conference Reports; and Remaining Programs) — The massive 1965 Elementary and Secondary Education Act (ESEA; *P.L.* 89-10), which pumps out nearly \$14 billion a year in federal aid to public schools, is set to expire this year; Congress last authorized the law in 1994 (*P.L.* 103-382). This time around, lawmakers have chosen to rewrite the law in phases, the first two of which the House passed last year:

- * the **Student Results Act** (H.R. 2; *H.Rept.* 106-394), which passed the House by a vote of 358-67 on October 21, 1999, reauthorizes Title I of the ESEA and other programs for FYs 2000-2004, channeling approximately \$8 billion annually into programs for roughly

10 million disadvantaged students. The measure establishes tighter academic standards for student beneficiaries; and

- * the **Teacher Empowerment Act** (H.R. 1995; *H.Rept. 106-232*), which passed the House by a vote of 239-185 on July 20, amends Title II of the ESEA to create a block grant that consolidates the Eisenhower Professional Development program, the Goals 2000 program, and the president's class-size reduction initiative to hire 100,000 new teachers. The bill also extends the authorization for the Reading Excellence Act through FY 2004.

The Education & the Workforce Committee plans to mark up several bills to reauthorize the remaining ESEA programs, most likely before the April recess. Remaining programs include funding for education technology, drug-free schools programs, the innovative education program block grant (Title VI), and a host of other federal education initiatives such as 21st century community centers, gun free schools programs, and environmental education.

Fair Access to Indemnity and Reimbursement (FAIR) Act — H.R. 1987 amends current law to permit employers and labor organizations who win a case brought against them by the National Labor Relations Board (NLRB) or the Occupational Safety and Health Administration (OSHA) to recover attorneys' fees, without regard to whether the federal agency's position was "substantially justified." The bill applies to employers, including labor organizations, with fewer than 100 employees and a net worth of less than \$7 million. The intent of the measure is to (1) ensure that small business owners and labor groups are not deterred from seeking review of federal actions brought against them because of potential legal expenses; (2) reduce the disparity in resources that exists between small business owners and labor organizations vis-à-vis the NLRB and OSHA; and (3) hold the NLRB and OSHA more accountable for actions they take against small employers and labor groups. H.R. 1987 will likely be considered before the February recess.

Impact Aid Reauthorization — The Education & the Workforce Committee may report a stand-alone bill to reauthorize the Impact Aid program, which is designed to help school districts deal with the loss of tax revenue resulting from a heavy presence of federally-owned land and property. The program is currently funded at \$910.5 million for FY 2000. If such a measure is introduced, it would likely be considered in early spring.

Literacy Involves Families Together Act (LIFT; H.R. 3222) — The measure reauthorizes the Even Start program, which provides opportunities for parents who lack a high school diploma and their children (up to seven-years-old) to receive instruction in basic literacy skills. H.R. 3222 authorizes \$500 million annually for the program. The committee plans to mark up the bill early this spring, with floor consideration to follow.

Minimum Wage (H.R. 3081; amendment to S. 625) — The measure, which increases the federal minimum wage by one dollar over three years (to \$6.15 per hour), was reported by the Ways & Means Committee by a vote of 23-14 on November 4, 1999; it did not reach the floor for consideration. (Congress last increased the minimum wage in 1996, from \$4.25 per hour to \$5.15 per hour.) Traditionally, minimum wage hikes include tax breaks as an incentive to businesses that would be hard-pressed by higher payroll costs. Last year's measure included approximately \$30.2 billion in tax relief over five years, including provisions to (1) reform pensions and enhance retirement security; (2) reduce estate and gift taxes over a five-year period; (3) increase the deduction for health insurance of self-employed individuals to 100 percent beginning in 2001; (4) authorize the HUD Secretary to designate 15 "renewal communi-

ties” in both urban and rural areas; and (5) increase the business meal expense deduction to 60 percent in 2001 (from the current level of 50 percent). At press time, it was uncertain whether lawmakers would move H.R. 3081 or another package.

Office of Educational Research and Improvement (OERI) — The OERI, which is currently funded at \$150.6 million, is an Education Department office responsible for (1) conducting research and demonstration projects; (2) collecting statistics on the status and progress of schools and the public education system at large; and (3) distributing information and providing technical assistance to legislators and educators. The authorizing vehicle for the OERI is the Goals 2000: Educate American Act (*P.L. 103-227*). The debate on OERI reauthorization will likely turn on the office’s research focus, the reliability of that research, and the efficiency of OERI research facilities. The committee plans to mark up a bill by early summer.

OSHA Home Workplace Protection — Messrs. Bachus and Davis (VA) plan to introduce legislation to clarify that the provisions of the 1970 Occupational Safety and Health Act (*P.L. 91-596*) do not apply to home workplaces. Occupational Safety and Health Administration (OSHA) officials recently released a letter saying that the 1970 law should be interpreted as applying to home offices, in which nearly 20 million Americans work. However, Labor Secretary Alexis Herman withdrew the advisory and said she planned to launch a “national dialogue” on the issue to seek input from interested parties. Notwithstanding OSHA’s withdrawing its edict, some lawmakers are interesting in going ahead with a bill, in order to stave off such regulation in the future. The Subcommittee on Oversight and Investigations is planning to hold a hearing on this issue on January 28.

Worker Paycheck Fairness Act (H.R. 2434) — The measure, which the Employer-Employee Relations Subcommittee reported by a vote of 25-22 last November, requires that unions get the written consent of their members before union dues are spent for purposes unrelated to collective bargaining—*e.g.*, political contributions. The bill also requires unions to provide more and better information to members on how dues are spent. The bill will likely be considered before the July 4th recess.

— Government Reform —

Expedited Review for Federal Grant Programs (H.R. 2376) — H.R. 2376 requires executive agencies to establish expedited review procedures for granting waivers to states under federal grant programs if another state has already been granted a similar waiver by the same agency. This measure is expected to streamline the application process and allow states the flexibility to experiment with alternative methods for efficient program management in a more timely manner. The bill was introduced by Mr. Green (WI) *et al.* The Subcommittee on Government Management, Information, and Technology amended and reported the bill by voice vote on November 5, 1999. The full committee has yet to act on the measure.

Federalism Act (H.R. 2245/S. 1214) — H.R. 2245, introduced by Mr. McIntosh *et al.*, establishes principles governing the interpretation of congressional intent regarding the preemption of state and local government authority by the federal government. Specifically, the bill requires that the report accompanying any bill identify each section of the bill that constitutes an express preemption of state or local government authority and the reasons for such preemption, and include a Federalism Impact Assessment (FIA) including the costs on state and local governments. Likewise, the bill requires executive branch agencies to include a FIA in each proposed, interim final, and final rule publication. The FIA must identify any provi-

sion that is preemption of state or local government authority and the express statutory provision authorizing such preemption, the regulatory alternatives considered, and other impacts and the costs on state and local governments.

This bill responds to President Clinton's revocation of President Reagan's 1987 Federalism Executive Order that established several protections for state and local governments. In addition, the Reagan order established operating principles and requirements that all executive branch agencies must follow when deciding matters that affect state and local governments. The Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs passed an amended bill by voice vote on July 29, 1999. The full committee has not yet taken up the measure.

Office of Government Ethics Reauthorization (H.R. 2904/S. 1503) — H.R. 2904, introduced by Mr. Scarborough *et al.*, reauthorizes appropriations for the Office of Government Ethics for FYs 2000-2003. It also revises and clarifies the definition of the term "special government employee" to make unofficial advisers more accountable to the American people. The House passed H.R. 2904 (*H.Rept. 106-433, Pt. I*) by a vote of 386-1 on November 8, 1999. The Senate passed its own measure (S. 1503) by unanimous consent on November 19, 1999.

Postal Reform Act (H.R. 22) — In the 105th Congress, the Government Reform Subcommittee on Postal Service reported legislation to reform the U.S. Postal Service, but Congress did not act on the measure before adjournment. Last year, Mr. McHugh again introduced omnibus legislation (H.R. 22) to implement a number of reforms relating to the U.S. Postal Service's organization, general authority, finance, budget and appropriations process, postal rates, transportation and delivery of mail, and law enforcement procedures. The Postal Service Subcommittee forwarded the bill by voice vote on April 29, 1999. The Government Reform Committee has yet to take up the measure.

Government Waste Corrections Act (H.R. 1827) — The House is expected to consider H.R. 1827, introduced by Chairman Burton, sometime this spring. The bill requires federal agencies to conduct specialized audits of accounts that purchase at least \$500 million of goods and services from the private sector. Under the measure, agencies that must undertake recovery auditing also must institute a management improvement program to address underlying problems of their payment systems. CBO estimates that enactment will save \$100 million over the next five years from federal recovery of erroneous payments made to the private sector. The Government Reform Committee reported the bill (*H.Rept. 106-474*) by voice vote on November 10, 1999.

Regulatory Right-to-Know Act (H.R. 1074) — H.R. 1074, introduced by Messrs. Bliley and McIntosh, is designed to guarantee the public's right to know the benefits and costs of regulatory programs, as well as increase government accountability for the impact of regulations on the public. The bill requires the Office of Management and Budget (OMB) to prepare an annual accounting statement and an associated report to provide estimates of the costs and benefits of federal regulatory programs, as well as analyze the direct and indirect impacts of federal rules and paperwork on state and local governments, the private sector, small businesses, wages, consumer prices, and economic growth. The House passed the bill by a vote of 254-157 on July 26, 1999. The Senate Government Affairs Committee held a hearing on its companion bill (S. 59) but has not yet marked up the measure.

Small Business Paperwork Reduction Act Amendments (H.R. 391) — The bill, introduced by Mr. McIntosh, amends the 1995 Paperwork Reduction Act (*P.L. 104-13*) to continue congressional efforts to streamline and reduce the paperwork burden on small businesses. Specifically, the bill (1) requires the

Office of Management and Budget to publish an annual list of all federal paperwork requirements on small businesses; (2) allows small businesses to correct first-time paperwork violations before civil fines are assessed by government agencies; (3) requires federal agencies to create a hotline for small businesses that need answers and guidance when filling out federal paperwork; and (4) establishes a task force to study the feasibility of streamlining reporting requirements. The House passed H.R. 391 by a vote of 274-151 on February 11, 1999; the Senate Government Affairs Committee held a hearing on the Senate's identical bill (S. 1378) but has not yet marked up the measure.

— House Administration —

Campaign Finance Reform (H.R. 417) — Last year, the House passed H.R. 417 by a vote of 252-177. The Senate version of the bill (S. 1593), introduced by Senators McCain and Feingold, was similar but did not include provisions relating to issue advocacy. The Senate, however, failed to surmount a filibuster against the measure.

H.R. 417, introduced by Mr. Shays and Mr. Meehan, eliminates federal and state soft money that influences federal elections. It redefines the concept of “express advocacy” as it applies to campaign spending by independent groups and party organizations, to include radio and television communications that refer to a clearly identified federal candidate outside the 60-day period. The bill permits only hard money to be used for express advocacy ads. It also requires candidates to file their campaign reports electronically and requires the FEC to post reports on the Internet. It clarifies restrictions on fundraising on federal property and codifies the Supreme Court’s *Beck* decision. Finally, the bill bans political parties from making coordinated expenditures on behalf of those candidates that do not limit their own spending to \$50,000.

Senator McCain is likely to revive his and Senator Feingold’s bill early this year. In addition, the Senate Rules Committee has indicated that it would mark up other versions of campaign finance bills sometime this spring, including S. 1816, which caps soft-money donations and raises limitations on hard money.

— Intelligence —

FY 2001 Intelligence Authorization Act — The Intelligence Committee will consider its annual authorization bill to provide funding for the intelligence activities of 12 federal agencies, including the Central Intelligence Agency (CIA), the National Security Agency (NSA), the Defense Intelligence Agency (DIA), the Federal Bureau of Investigation (FBI), and the Drug Enforcement Agency (DEA). The committee plans to hold several hearings and introduce legislation in late spring.

— International Relations —

Export Administration Act — The Export Administration Act (EAA), which authorizes the president to regulate exports, including dual-use technologies, expired in 1994. In 1996, the House passed a bill to reauthorize the law but the Senate did not consider the measure. The 106th Congress has expressed renewed interest in revising and authorizing the EAA. The Senate Banking Committee passed its version of the bill (S. 1712; *S.Rept. 106-180*) by a vote of 20-0 on September 23, 1999.

Intercountry Adoption Convention Implementation Act (H.R. 2342) — H.R. 2342, introduced by Mr. Burr *et al.*, establishes a framework by which the U.S. will carry out its obligations under the Hague Convention on Intercountry Adoption, which the U.S. signed in 1994. The convention's purpose is to facilitate intercountry cooperation and provide a legal structure to safeguard children, birth parents, and adoptive parents involved in intercountry adoption. The bill designates the Secretary of State as the central authority to carry out commitments under the convention, places conditions on the adoption of U.S. children outside the U.S., and requires the secretary to certify that efforts have been made to place the children within the U.S. before allowing intercountry adoption. Finally, the legislation establishes civil penalties for activities that carry out adoptions without accreditation, provide false statements, or improperly disclose information.

Iran Nonproliferation Act (H.R. 1883) — H.R. 1883 requires the president to submit a report to Congress identifying entities that, according to credible information, have transferred missile goods or technology to Iran after January 22, 1998. The bill mandates sanctions against entities found to have transferred goods and technology, including denying arms export licenses and cutting off all U.S. assistance to the entity for two years. The bill allows the president to waive sanctions for reasons of national security. The measure also prohibits the release to the Russian government of remaining U.S. funding (\$590 million) for the International Space Station unless the president certifies that no entity under the jurisdiction of the Russian Space Agency has transferred missile technology to Iran during the past year. The bill passed the House by a vote of 419-0 on September 14 and has not yet been considered by the Senate.

Sexual Trafficking Victims Protection Act (H.R. 3244) — H.R. 3244 authorizes \$94.5 million (\$31.5 million for FY 2000 and \$63 million for FY 2001) to combat international sex trafficking (the purchase, sale, transportation, or receipt of a person for the purpose of commercial sex). In addition, the bill doubles the maximum penalties for peonage, enticement into slavery, and sale into involuntary servitude and allows for the possibility of life imprisonment if violations result in death, kidnapping, or sexual abuse. It establishes various penalties for sexual trafficking of children. The bill mandates that convicted sexual traffickers pay full restoration to their victims and that these victims are eligible for the federal witness protection program.

H.R. 3244 requires the Secretary of State to include in the annual country reports any information concerning countries with sexual trafficking industries and the extent to which those country's governments are combating the problems. Finally, the bill authorizes that, beginning in FY 2002, the president must either (1) withhold nonhumanitarian U.S. foreign assistance to any government that fails to meet minimum requirements regarding sexual trafficking and vote against such assistance to that government by multilateral lending institutions or (2) waive that prohibition if the president determines that providing nonhumanitarian assistance to the country is in the national interest of the U.S. The bill was introduced by Mr. Smith (NJ) and was reported by the International Relations Committee by voice vote on November 9, 1999.

Taiwan Security Enhancement Act (H.R. 1838) — H.R. 1838 mandates that the Secretary of Defense and various military service secretaries should reserve positions in the National Defense University and other educational facilities for military officers of Taiwan. The bill also increases the technical staff at the American Institute in Taiwan. In addition, the bill requires the militaries of the U.S. and Taiwan to implement a plan to enhance operational training and exchanges between the two countries. H.R. 1838 was introduced by Mr. DeLay and is expected to be considered by the House early this year.

— Judiciary —

Asbestos Litigation Reform — The Judiciary Committee plans to report a bill, most likely by February, to establish a separate, nonprofit legal entity to adjudicate the huge backlog of case related to asbestos compensation. The entity will be called the Asbestos Resolution Corporation and will contract for physicians, arbitrators, financial consultants, accountants, and attorneys. The body will have power to sue—and be sued—under its corporate name. Asbestos is a group of naturally occurring minerals commonly used for acoustic insulation, thermal insulation, fire proofing, and for other building materials. It is made up of microscopic bundles of fibers that may become airborne when distributed, potentially causing significant health problems—for example, lung cancer—if inhaled. The extraordinary volume of asbestos litigation is straining state and federal courts at enormous taxpayer expense, with more than 150,000 such lawsuits currently pending in the tort system and tens of thousands of new cases filed every year.

Bankruptcy Reform Act Conference Report (H.R. 833/S. 625) — The bill overhauls the U.S. Bankruptcy Code to require debtors with the ability to repay some or all of their debt to do so. Under current law, no statutory mandate requires a debtor to repay his or her debts if the person has the financial means to do so. Among the bill's objectives are (1) reducing repeat filings, (2) preventing the “gaming” of the bankruptcy system (*e.g.*, running up credit bills right before filing for bankruptcy or filing and dismissing a bankruptcy case as a stalling tactic), and (3) improving the administration of bankruptcy cases and providing debtors with information about alternatives to bankruptcy, such as credit counseling services. The measure also establishes a separate chapter under the Bankruptcy Code that is devoted to the special issues and concerns presented by international insolvencies. The House passed H.R. 833 (*H.Rept. 106-123, Pt. I*) by a vote of 313-108 on May 5, 1999. The Senate debated—and added several controversial amendments to—its version of the bill last November but did not vote on it. The Senate plans to vote the measure this week. The House hopes to consider a conference report by April.

Child Custody Protection Act Conference Report (H.R. 1218/S. 661) — The measure makes it a federal offense to transport a minor to another state, other than the child's state of residence, in order to circumvent state parental consent and notification laws so that the child may obtain an abortion. The House passed H.R. 1218 (*H.Rept. 106-204*) by a vote of 270-159 on June 30, 1999. The Senate did not act on its companion measure. If the Senate passes its bill, the House hopes to consider a conference report before the July 4th recess.

Child Status Protection Act (H.R. 1520) — Under current law, children of legal aliens and naturalized citizens have “immediate relative” immigration status, the number of which is not capped under current law. However, when these children turn 21, they fall into “family first” status. This numerically limited status makes it difficult to receive student loans, join the military, or engage in other activities available to an immigrant with full process rights. Moreover, the Immigration and Naturalization Service (INS) currently has a backlog of one million citizenship petitions; approximately seven to eight percent of these cases relate to individuals with expired child status. In the face of this backlog, recently-turned 21-year-olds must wait as long as seven years before their case is processed. H.R. 1520 amends the 1952 Immigration and Nationality Act to give priority to these child status cases and put them at the front of the INS “queue.” It does not change these individuals' immigrant status. The bill will likely be considered under suspension of the rules.

H-1B Visas — Before the August recess, the House will likely consider a bill to reauthorize the H-1B visa program, which expires this year; H-1B visas are issued to foreign high-technology workers. The FY 1999 Omnibus Appropriations Act (*P.L. 105-277*) increased the annual quota caps on H-1B visas to 115,000 this year and 107,500 in 2001; the level returns to 65,000 per year beginning in 2002 and beyond. Several members expressed an interest in increasing the quota.

Juvenile Justice/Gun Control (H.R. 1501/S. 254) — Entangled in a non-controversial bill to increase penalties for juvenile criminals and provide state grants for crime prevention were proposals for more federal gun control regulations, partly in reaction to the school shootings in Littleton, Colorado, last spring. Proposals to ban imports of high-capacity ammunition clips, require that all handguns be sold with a trigger lock, and establish background checks for gun show sales were defeated in the House but passed the Senate last spring. House and Senate conferees have said they will push for a compromise on gun control and pass the underlying juvenile justice bill. H.R. 1501 also includes provisions to step up enforcement of existing gun control regulations. Such provisions—dubbed “Project Exile”—may become a stand-alone measure this spring.

Methamphetamine Anti-Proliferation — The FY 1999 Omnibus Appropriations Act (*P.L. 105-277*) contained provisions to increase the penalties for manufacturing, trafficking, or importing methamphetamines, making them equal to corresponding penalties for crack cocaine. Between April and the July 4th recess, the House may consider a measure to further increase these penalties. One such measure, H.R. 2987, was introduced by Mr. Cannon last fall, but was not reported by the Judiciary Committee. At press time, it was not known if the House will consider this measure or another yet to be introduced.

Omnibus Crime Control Act Reauthorization — The committee plans to craft a measure to reauthorize the 1994 Omnibus Crime Control Act (*P.L. 103-322*), which funds roughly \$30 billion for more than 60 different law enforcement, prison construction, and crime prevention programs over six years. Such programs include local law enforcement grants, truth-in-sentencing grants, and initiatives to prevent violence against women. The yet-to-be introduced package will probably be considered during the summer.

Pain Relief Promotion Act Conference Report (H.R. 2260/S. 1272) — The measure amends the 1970 Controlled Substances Act (*P.L. 91-513*) to prohibit states from authorizing or permitting physician-assisted suicide, which will effectively overturn Oregon’s recently-enacted assisted-suicide law. In addition, the bill authorizes \$5 million for training programs focusing on pain management and palliative care. The House passed the measure (*H.Rept. 106-378, Pts. I-II*) by a vote of 271-156 on October 27, 1999. If the Senate passes its companion measure, the House may consider a conference report before the July 4th recess.

Partial Birth Abortion Ban — Congress has considered a measure to ban partial birth abortions every year since 1995. President Clinton vetoed the measure twice. Both times the House overrode the vetoes but the Senate sustained them. Last year the Senate passed another bill (*S. 1692*) by a vote of 51-47 on October 21, 1999. By April, the House will consider either its own bill or the Senate version. The measure subjects those who perform the procedure to two years imprisonment.

Security and Freedom through Encryption (SAFE) Act (H.R. 850) — The bill amends current law to affirm the right of U.S. citizens to use and sell encryption and to relax export controls on encryption. Electronic and wire communications, as well as electrically stored information, is “encrypted”—that is, scrambled by mathematical formulas or algorithms in order to preserve confidentiality and prevent unauthorized access. The measure prohibits the federal government and states from requiring that a so-called

“key”—the means to decrypt wire communications or electronically stored information—be (1) built into computer hardware or software, (2) provided to the federal government or states, or (3) retained by the manufacturer of the software; however, this provision does not apply to law enforcement entities or to the intelligence community. Preempting congressional legislation, the Clinton Administration announced that it would relax restrictions on exporting encryption technology, in effect obviating H.R. 850. However, when the new policy was released last December, several lawmakers reacted skeptically and did not rule out the possibility that the House would take up its own measure. As the White House works out the details of its new policy, lawmakers will keep H.R. 850 on deck.

Unborn Victims of Violence Act Conference Report (H.R. 2436) — The bill makes it a federal crime to harm an unborn child during the commission of a violent criminal act. Federal judges may levy the same punishment as if the injury or death occurred to the unborn child’s mother, excluding the death penalty. The measure exempts abortions performed with the mother’s consent. H.R. 2436 was introduced by Messrs. Graham, Canady, and Smith (NJ) on July 1, 1999.

Workplace Goods Jobs Growth and Competitiveness Act (H.R. 2005) — The measure (*H.Rept. 106-410*) creates a uniform federal statute of repose for cases involving injuries caused by durable goods. This statute of repose would bar a cause of action against the manufacturer of such a product after 18 years from the date the product was placed in the stream of commerce, regardless of when the injury occurred. Old machinery may appear poorly designed when measured against modern counterparts, even if it was state-of-the-art at the time it was sold. Even the fact that owners may have misused or altered the machine, disabled or removed safety devices, or failed to train workers often does not prove an effective defense for manufacturers at trial. The costs to manufacturers of defending the design of a machine that was produced decades ago are unusually large. The result is a great incentive for manufacturers to settle even weak claims. The measure was introduced by Mr. Chabot and was reported by the Judiciary Committee by a vote of 16-14 on September 22, 1999. It will likely be considered before the February recess.

— Resources —

CALFED (California-Federal) Bay-Delta Program Extension — The Resources Committee expects to consider a bill to extend the authorization for the CALFED program for one year. CALFED was established in 1995 to develop a long-term plan to restore ecological health and improve water management in the San Francisco Bay-Delta region while respecting the water and private property rights. The current funding is set to expire at the end of FY 2000. The Resources Committee expects to consider this measure within the next three months.

Coastal Community Conservation Act (H.R. 2669) — H.R. 2669, introduced by Mr. Saxton, reauthorizes the 1972 Coastal Zone Management Act (CZMA; *P.L. 92-583*). The CZMA allows states to develop management plans for coastal areas and, once these plans are approved, states may then review certain federal activities for consistency with these plans. The bill also reauthorizes coastal zone enhancement grants used to improve state coastal management programs and the National Estuarine Reserve System (NERS). The bill was reported by voice vote by the Resources Committee on August 5, 1999. The House is expected to consider the measure within the next three months.

Common Sense Protections for Endangered Species Act (H.R. 3160) — H.R. 3160 is designed to improve the way animal species are listed as endangered or threatened. Specifically, the measure (1) allows state and local governments to save species and prevent listings by entering into conservation agreements before listings; (2) requires petitions to list species to include substantial scientific data to support their claims; (3) requires the Interior Secretary to solicit information and publish notices identifying data needed to make a determination if a petition is warranted; (4) imposes deadlines on agencies to make decisions; (5) requires fair treatment of landowners; and (6) establishes timelines for developing recovery plans that are developed in coordination with a representative group of citizens. The bill was introduced by Mr. Young (AK) and is expected to be marked up by the full committee in March.

Conservation and Reinvestment Act (CARA; H.R. 701) — H.R. 701 authorizes \$3.25 billion from existing offshore oil and gas royalties to fund ecosystem management, conservation programs, preservation, and restoration efforts on federal lands and Indian reservations, parks and recreation programs, and endangered and threatened species recovery. The measure is the result of months of negotiations between Chairman Young (AK), the bill's sponsor, and Mr. George Miller (CA). During the Resources Committee markup on November 10, the bill was reported by a vote of 37-12, with Democrats and moderate Republicans approving the bill. A small bloc of western Republicans, however, voted against the bill because they felt it would take too much land away from private owners and localities.

Landowners Equal Treatment Act (H.R. 1142) — This measure is designed to ensure that private property owners are justly compensated when their land is used for federal purposes as habitats for endangered or threatened species. The bill was inspired by a recent payment of \$26 million to the U.S. Fish and Wildlife Service from private sources to allow the expansion of the Minneapolis-St. Paul Airport (which affects several threatened and endangered species at a nearby wildlife refuge). The bill was introduced by Chairman Young (AK) and is expected to come to the House floor for consideration this year. The Resources Committee expects to consider this measure sometime within the next three months.

Magnuson-Stevens Fishery Conservation and Management Act Reauthorization — The Resources Committee is planning to consider legislation to reauthorize the Magnuson-Stevens Act, which governs federal management of fishery resources in U.S. ocean waters and is scheduled to expire in FY 2000. Current management plans for individual species of fish are developed by regional fishery management councils that include federal, state, and private parties. The Resources Committee expects to consider this measure sometime within the next six months.

Marine Mammal Protection Act (MMPA) Reauthorization — The current authorization for the MMPA (*P.L.* 92-522), which protects marine animals such as seals, otters, and walruses, is set to expire at the end of FY 2000. In addition to reauthorizing the MMPA, which is administered jointly by the Departments of Commerce and the Interior, the committee is expected to make some small clarifications to various MMPA programs. The Resources Committee expects to consider this measure sometime within the next six months.

Pittman-Robertson Aid to Wildlife Reform — The Resources Committee expects to consider a bill regarding the misuse by the U.S. Fish and Wildlife Service of excise taxes on hunting and fishing equipment that are targeted for wildlife restoration projects by state and local governments. After a series of investigative hearings held during the first session, the committee discovered that these funds were not being used exclusively for wildlife restoration projects but also to pay for unauthorized and controversial programs, relocation costs for a Deputy Regional Director, and international travel to Brazil and Japan. The Resources Committee expects to consider this measure within the next three months.

Utah National Park and Public Lands Wilderness Act (H.R. 3035) — H.R. 3035 introduced by Mr. Hansen, designates 200 million acres of wilderness in Utah's national parks and West Desert areas. The Subcommittee on National Parks and Public Lands held a hearing on the bill on October 19, 1999. The Resources Committee expects to consider the measure within the next three months.

— Science —

NASA Authorization Conference Report (H.R. 1654) — The measure authorizes \$41.2 billion for the National Aeronautics and Space Administration (NASA) for the next three fiscal years. This amount includes \$13.6 billion in FY 2000, \$13.8 billion in FY 2001, and \$13.8 billion in FY 2002. The House passed the bill by a vote of 259-168 on May 19, 1999; the Senate passed its version on November 5. A conference report may be considered as early as February.

National Science Foundation (NSF) Reauthorization — The Science Committee expects to report a bill to reauthorize the National Science Foundation (NSF) for FYs 2001-2002. The NSF funds research and education in science and engineering through grants and contracts to more than 2,000 colleges and universities. The foundation is reauthorized every two years; its current funding level (*P.L. 105-207*) is approximately \$11 billion (FYs 1999-2000). The bill will likely be considered sometime before the July 4th recess.

Networking and Information Technology Research and Development Act (H.R. 2086) — The bill (*H.Rept. 106-472, Pt. I*) authorizes appropriations for networking and information technology research and development the National Science Foundation (NSF), National Aeronautics and Space Administration (NASA), the Energy Department (DOE), National Institute of Standards and Technology (NIST), the National Oceanic and Atmospheric Administration (NOAA), and the Environmental Protection Agency (EPA). The bill authorizes appropriations of \$4.8 million over FYs 2000-2004. The Science Committee reported the bill by a vote of 41-0 on September 9, 1999. Floor consideration is expected early this spring.

— Small Business —

Small Business Administration Reauthorization — The committee expects to consider legislation to reauthorize the Small Business Administration and the programs of the Small Business Act and the Small Business Investment Act through FY 2003. The committee regularly authorizes these programs for a three-year period, with the last reauthorization occurring in 1997 during the 105th Congress. The bill is expected to reauthorize, modify, and strengthen the SBA's financial programs, including the general business loan guarantee program, the Certified Development Company program, the Microloan program and the Small Business Investment Company program. In addition, the bill is expected to reauthorize the technical assistance and procurement programs of the SBA, including the Women's Business Center program, the Small Business Development Center program, and the Competitiveness Program. The committee is currently drafting legislation and plans to hold hearings before the spring.

The U.S. Small Business Administration (SBA), created in 1953, is an independent agency of the federal government established to assist, counsel, and protect the interests of small business concerns. Small Business Administration programs provide over \$13 billion in financial assistance annually to over 100,000

small businesses across the United States. These programs remedy shortfalls in access to credit and capital for small businesses. By providing financial assistance in amounts as small as \$500 to as much as \$1.25 million, the SBA and its private sector partners—bank and non-bank lenders, surety bond insurers, certified development companies, microlenders, and small business investment companies—provide a vital stimulus to the small business sector of the economy. The SBA also provides millions of dollars in disaster assistance to small businesses and homeowners every year.

Small Business Innovation Research Program (SBIR) Reauthorization (H.R. 2392) — This measure assists small businesses in obtaining federal research and development funding. Specifically, the bill amends the Small Business Act to (1) extend the SBIR until September 30, 2007; (2) require an annual SBIR report to be submitted to the Science Committee; (3) require the administrator of the Small Business Administration to revise certain SBIR policy directives concerning funding awards; and (4) direct each federal agency that maintains a Small Business Technology Transfer Program to include in its annual performance plan a section on its SBIR.

Congress created the Small Business Innovation Research (SBIR) program in 1982 to encourage technological innovation and private sector commercialization of innovation based on federal research and development. Additionally, it was formed to bolster the involvement of minority and disadvantaged persons in technological innovation and to help small businesses meet federal research and development needs. The SBIR program is associated with 11 federal agencies including the Department of Defense, NASA, the Department of Energy, the Department of Health, and the National Science Foundation, which provide an overwhelming majority of the program's funding. The SBIR program requires that these 11 agencies appropriate 2.5 percent of their research and development budget for small businesses. The House passed the measure (*H.Rept. 106-329, Pt. I*) by voice vote on September 27, 1999. The Senate has yet to take action on the bill.

— Transportation & Infrastructure —

Aviation Investment & Reform Act for the 21st Century Conference Report (AIR-21; H.R. 1000/S. 82) — In June, the House passed H.R. 1000 by a vote of 316-110. H.R. 1000 reauthorizes and reforms the Federal Aviation Administration (FAA), as well as removes the aviation trust fund from federal budget calculations (*i.e.*, takes it “off-budget”). In addition to these measures, the bill focuses on increasing airport security and enhancing airline competition. Specifically, the bill eliminates slot exemptions (*i.e.*, restrictions on takeoffs and landings) at O'Hare in 2002 and in 2007 at La Guardia and JFK.

The Senate passed its own comprehensive FAA reauthorization bill (S. 82; *S.Rept. 106-9*) by voice vote on October 5. The two chambers are now in conference attempting to resolve the outstanding differences between the two measures. The main roadblock to an agreement continues to be whether to provide some guarantee for aviation funding. Chairman Shuster has proposed a firewall structure (much like guaranteed funding firewalls in TEA-21) in lieu of the off-budget proposal contained in the House bill. However, the Senate has so far steadfastly refused any aviation funding guarantees.

Miscellaneous Transportation Measures — The House passed the following six measures last year that are in most cases awaiting Senate action. These include the following:

- * **Beaches Environmental Assessment, Cleanup, and Health Act (H.R. 999)** — H.R. 999 requires states to adopt water quality standards that incorporate criteria for protecting human health from pathogens in coastal recreation waters consistent with those published by the Environmental Protection Agency (EPA). The bill was introduced by Mr. Bilbray *et al.* and was passed by the House by voice vote on April 22, 1999.
- * **Coast Guard Reauthorization Act (H.R. 820)** — H.R. 820 authorizes \$4.6 billion in FY 2000 and \$4.8 billion in FY 2001 for United States Coast Guard (USCG) activities and programs. The FY 2000 level includes the amount requested by the president, with an additional \$380 million for USCG drug interdiction activities (consistent with enactment of the 1998 Western Hemisphere Drug Elimination Act, which increased funding for USCG drug interdiction programs). The bill was introduced by Mr. Shuster *et al.* and was passed by the House by a vote of 424-7 on March 17, 1999.
- * **Disaster Mitigation and Cost Reduction Act (H.R. 707)** — H.R. 707 passed legislation to amend the 1988 Robert T. Stafford Disaster Relief and Emergency Assistance Act. The measure authorizes funding to help states to prepare for and mitigate natural disasters and emergencies. The measure also authorizes grants for services not currently covered during or after a disaster, such as medical and dental care and funeral costs, and allows federal aid to help states and local governments repair public facilities as well as property owned by nonprofit organizations. H.R. 707 was introduced by Mrs. Fowler *et al.* and was passed by the House by a vote of 415-2 on March 4, 1999.
- * **Federal Maritime Commission Authorization Act (H.R. 819)** — H.R. 819 authorizes \$15.7 million in FY 2000 and \$16.3 million in FY 2001 for Federal Maritime Commission (FMC) activities and programs. The FY 2000 level is \$1.5 million more than the FY 1999 amount, mainly due to (1) required annual cost-of-living-adjustments for FMC employees; (2) increased rent costs; (3) funding to support Y2K computer modernization efforts; and (4) additional money to fund the office of the new Federal Maritime Commissioner when he is confirmed by the Senate. The House passed the bill by a vote of 403-3 on March 16, 1999. The Senate passed its version of the bill on July 29.
- * **National Transportation Safety Board (NTSB) Amendments Act (H.R. 2910)** — H.R. 2910 authorizes \$57 million for FY 2000, \$65 million for FY 2001, and \$72 million for FY 2002 for the NTSB and makes certain policy changes within the agency. The bill was introduced by Mr. Shuster *et al.* and was passed by the House by a vote of 420-4 on September 30, 1999.
- * **Rail Passenger Disaster Family Assistance Act (H.R. 2681)** — H.R. 2681 establishes a formal system to provide assistance to families of those involved in rail passenger accidents, based on a comparable process for aviation accidents. The bill directs the National Transportation Safety Board (NTSB) to assign a director of family support services to assist the families of passengers involved in the accidents. Finally, the bill directs rail passenger carriers to develop a plan of action for responding to a rail accident. The bill

was introduced by Mr. Shuster *et al.* and was passed by the House by voice vote on August 5, 1999.

Small Watershed Rehabilitation Amendments Act (H.R. 728) — H.R. 728 authorizes the Agriculture Secretary to provide financial assistance to eligible local organizations to help fund costs incurred to rehabilitate structural measures (usually dams) originally constructed as part of a covered water resource project. The measure also authorizes the secretary to provide technical assistance to organizations that request assistance in planning, designing, and implementing rehabilitation projects. The bill was introduced by Mr. Lucas and was approved by the Transportation Committee (*H.Rept. 106-484, Pt. I*) by voice vote on November 10, 1999. The Agriculture Committee approved the measure by voice vote on October 27.

Superfund Reauthorization (H.R. 1300/H.R. 2580) — Superfund is a hazardous waste cleanup program that is funded through chemical excise and corporate environmental income taxes. The fund pays for cleanup of hazardous chemicals that have been released into the ground and water where no party is found liable. Although many parties are potentially responsible for paying cleanup costs, identifying liable parties has led to an endless flow of litigation. With so much money at stake, many companies would rather incur the legal expense to avoid payment. The Transportation Committee approved Superfund legislation (H.R. 1300; *H.Rept. 106-353, Pt. I*) introduced by Mr. Boehlert by a vote of 69-2 on August 5. Specifically, the measure (1) promotes state brownfields and voluntary cleanup programs; (2) provides liability relief for small businesses, recyclers, and municipalities; (3) amends the law's remedy selection provisions; and (4) reinstates the Superfund taxes. The Commerce Committee, which has joint jurisdiction on this issue, approved its own measure (H.R. 2580) on October 13 by a vote of 30-21.

The two committees are expected to agree on a general framework for compromise bill; however, no agreement on whether to reinstate Superfund taxes—which expired in 1995—has yet been resolved with Ways & Means Chairman Archer. Mr. Archer has stated that he opposes reinstating the Superfund taxes unless the program undergoes comprehensive reform. Congress did include a provision in the Consolidated Appropriations Act (*P.L. 106-113*) to exempt certain recyclers—those that recycle paper, glass, metals, textiles, rubber, and other materials—from Superfund liability.

Water Resources Development Act (WRDA) — Last year, Congress enacted legislation (*P.L. 106-53*) to authorize funding for projects and programs of the Army Corps of Engineers civil works program, one year later than the normal two-year “WRDA” authorization process (*i.e.*, Congress had last reauthorized WRDA in 1996). Congress is expected to consider WRDA legislation again this year to return its authorization process to its regular two-year timeline. WRDA legislation addresses pressing water infrastructure priorities, policy initiatives to update existing water resources programs, and opportunities to restore, protect, and enhance the aquatic environment.

— Veterans’ Affairs —

Annual Veterans Legislation — The Veterans’ Affairs committee will consider several agenda items on its annual calendar. Specifically, the committee will consider legislation to authorize a veterans’ cost-of-living adjustment (COLA) for FY 2000, as well as a bill to authorize major VA construction around the country. In 1999, Congress enacted legislation authorizing a 2.4 percent COLA. Both of these issues will likely be considered later in the year.

Burials at Arlington National Cemetery (H.R. 70) — On March 23, 1999, the House passed legislation (H.R. 70; *H.Rept. 106-70*) to strengthen existing burial eligibility requirements and codify much of the existing Army regulations on burial at Arlington. The bill also eliminates current provisions that allow automatic burial of some veterans who have served as members of Congress or in other high-level government positions. In addition, the legislation (1) allows certain close family members of eligible veterans to be buried in the same grave without the need for a waiver; (2) codifies existing regulations that allow the cremated remains of any veteran with an honorable discharge to be interred in the Arlington Cemetery Columbarium; and (3) clarifies that only memorials honoring military service may be placed at Arlington in the future. The House is awaiting action by the Senate on the measure.

In 1998, the Veterans' Affairs Subcommittee on Oversight and Investigations conducted an investigation into the practice of waiving eligibility regulations for burial at Arlington National Cemetery, which is under the jurisdiction of the Department of the Army. Investigators discovered serious inconsistencies in the burial waivers granted, including the interment of a former ambassador who later was found to have lied about his World War II service. The subcommittee's findings suggest that political influence may have been used to obtain burial at Arlington National Cemetery.

Medicare Subvention for Veterans — The committee may consider legislation this year to establish a Medicare subvention program and demonstration project. This will allow the Department of Veterans Affairs to receive Medicare reimbursement for health care services provided to certain Medicare-eligible veterans. "Subvention" refers to proposals that permit the VA to receive Medicare reimbursements for care provided to Medicare-eligible beneficiaries at VA medical facilities. In the 105th Congress, both the Veterans' Affairs (H.R. 1362; *H.Rept. 105-186, Pt. I*) and Ways & Means (H.R. 3828; *H.Rept. 105-793, Pt. I*) Committees passed such legislation; however, the House did not consider either measure before adjournment.

Allowing the VA to collect and retain Medicare funds will allow them to provide care to a greater number of veterans. To the extent that the VA can serve Medicare beneficiaries without the need to expand staff or other overhead costs, Medicare reimbursement will reduce the VA's cost of care per patient. The intent of such legislation is to demonstrate that the VA can help reduce Medicare costs and at the same time improve access to care for certain veterans. The 1997 Balanced Budget Act (*P.L. 105-33*) authorized a three-year subvention demonstration project for military retirees; however, subvention legislation for veterans has yet to be enacted.

Veterans Transition Assistance — In 1996, Congress established a commission to study programs designed to help with readjustment problems encountered by personnel reentering civilian life after military service. Under current law, various federal agencies, among them the Departments of Veterans Affairs, Defense, and Labor, and the Small Business Administration, administer programs to assist military personnel in their transition from active duty to civilian life. Programs include education assistance, job training, vocational rehabilitation (for disabled veterans), job placement and counseling, home loans, and small business consultations.

In 1999, the Congressional Commission on Servicemembers and Veterans Transition Assistance submitted its report. The commission's review of benefits and services is the most comprehensive since the Bradley Commission in 1956. The commission found that, in some cases, benefits and services have become so outdated—and program management so ineffective—that they "break the faith with those who served, and currently serve, their nation in uniform." The commission made more than 100 recommendations, including addressing issues such as education (e.g., enhancing the Montgomery GI Bill), employ-

ment, health care, economic equity, and organizational structure. Last October, the Veterans' Affairs Committee held a hearing to consider several draft legislative concepts to address many of the employment and training issues that were reported on by commission. The committee is expected to consider these issues sometime this year.

— Ways & Means —

Africa Growth & Opportunity Act Conference Report (H.R. 434/S. 1387) — The House passed H.R. 434 by a vote of 234-163 on July 16, 1999. On November 3, the Senate passed by a vote of 76-19 a trade package that included the Africa measure and the Caribbean Basin Initiative (CBI), reauthorized the Trade Adjustment Act and the Generalized System of Preferences (GSP) program, and added several other trade related provisions. The House and Senate are expected to conference on these issues sometime early this year.

H.R. 434 authorizes a new trade and investment policy for sub-Saharan Africa. The measure establishes a process for the president to determine the eligibility of sub-Saharan African nations to participate in U.S. economic and financial aid programs based on the country's adherence to human rights, its commitment to economic reform, and its reduction of trade barriers. The bill is designed to support economic self-reliance for sub-Saharan African countries, particularly those committed to economic and political reform; market incentives and private sector growth; the eradication of poverty; and the importance of women to economic growth and development.

Caribbean and Central American Relief and Economic Stabilization Act (H.R. 984) — The Ways & Means Committee reported H.R. 984, which was introduced by Mr. Crane, by voice vote on June 10, 1999. Although the House has yet to consider the bill, the Senate passed a similar version on November 3 as part of a comprehensive trade package. H.R. 984 extends trade benefits to products currently excluded from Caribbean Basin Initiative (CBI) duty-free treatment. The measure provides tariff and quota treatment, on imports from CBI beneficiary countries of excluded articles, that is similar to tariff and quota treatment accorded similar articles imported from Mexico under the North American Free Trade Agreement (NAFTA), during a temporary period beginning on July 1, 2000, and ending on August 1, 2002. The measure is designed to promote long-term economic growth in Central America and the Caribbean by enhancing the region's opportunities to expand trade with the United States. This legislation may be packaged with the Africa trade measure when conferees meet to resolve that issue.

China Trade — The House is expected to consider several initiatives involving trade with China. They include the following:

- * **Permanent Normal Trade Relations/WTO Accession** — Later this summer, the Ways & Means Committee is expected to consider granting China permanent Normal Trade Relations (NTR; formerly called Most Favored Nation) status. While the U.S. and China reached an agreement on a World Trade Organization (WTO) accession deal last November that calls for China to lower tariffs and open a wide range of markets, China has yet to complete negotiations with the European Union and other nations. China does not need permanent NTR status to gain admission into the WTO; however, rejection of permanent NTR may jeopardize the ability of U.S. businesses and farmers to reap the reciprocal trade benefits enjoyed by other WTO countries that have agreements with China.

Unlike the annual NTR renewal debate, this legislation must pass both houses of Congress and be signed by the president.

Permanent NTR is expected to provoke spirited debate. Proponents of permanent NTR have strongly praised the U.S.-China WTO agreement, arguing that it will substantially increase U.S. trade and investment opportunities in China. In addition, they argue that rejection of permanent NTR will prevent the U.S. businesses and farmers from reaping the reciprocal trade benefits that would accompany China's admission into the WTO and thus inflict a heavy cost on many export-dependent sections of the U.S. economy. However, opponents of permanent NTR argue that China's membership in the WTO, while boosting trade, could depress U.S. wages and threaten U.S. jobs at home. They argue that the annual renewal of China's NTR is an effective tool for influencing U.S. policy towards China on a variety of trade and non-trade issues, such as human rights and Taiwan security.

- * **Annual Normal Trade Relations** — Depending on when Congress may consider legislation to grant permanent NTR for China, the House may again consider a resolution to deny NTR status to China (*i.e.*, should Congress enact permanent NTR status, there would be no need to consider an annual disapproval resolution). Last year, the House defeated a resolution (H.J.Res. 57; *H.Rept. 106-262*) to deny NTR status to China by a vote of 170-260.

Fathers Count Act (H.R. 3073) — On November 10, the House passed legislation (H.R. 3073; *H.Rept. 106-424, Pt. 1*) by a vote of 328-93 to establish a grant program to foster responsible fatherhood, marriage, job training, and employment among low-income fathers. The bill is designed to prevent the unfortunate cycle of children being raised in fatherless homes by supporting projects that help fathers meet their responsibilities as husbands, parents, and providers. It aims to promote marriage among parents, help poor and low-income fathers establish positive relationships with their children and the children's mothers, promote responsible parenting, and increase family income by strengthening the father's earning power. Specifically, the bill authorizes the HHS Secretary to award approximately \$140 million to public and private entities over two years for fatherhood projects. In addition, the bill expands the eligibility for participating in the Welfare-to-Work program for both long-term welfare recipients and non-custodial parents with children on public assistance programs. The measure establishes an alternative penalty procedure for states that fail to meet current law requirements to centralize the coordination and distribution of child support services. The Senate has not yet acted on the measure, so the House awaits their action to complete consideration of this bill.

Medicare Reform/Prescription Drugs — Last year, Congress enacted a set of changes to increase payments to Medicare providers by approximately \$16 billion to mitigate lawmaker and health care provider concerns that reforms made in the 1997 Balanced Budget Act (*P.L. 105-33*) may adversely affect access to health care services for Medicare beneficiaries. However, lawmakers failed to agree on a consensus outline to make comprehensive changes to the Medicare program.

The National Bipartisan Commission on the Future of Medicare made a number of recommendations to address some of Medicare's structural financial problems. Although the commission did not make any formal recommendation to Congress, its co-chairmen vowed to move their proposal forward. Under the "premium support" proposal outlined by Senator Breaux and Congressman Thomas, a new Medicare

board will negotiate premiums and benefits in private plans as well as a government fee-for-service program similar to that used by 83 percent of beneficiaries. The government would give beneficiaries a contribution toward premiums, and they would have the option to select from an array of health options, from private health insurance plans to a traditional government-run fee-for-service plan. Beneficiaries would pay about 12 percent of the premium for a standard benefit package, with some seniors paying nothing for low-cost plans and others paying more for higher-cost plans.

- * **Prescription Drugs.** Presently, about two-thirds of seniors have prescription drug coverage. Commission panelists disagreed, among other things, over what type of prescription drug benefit should be offered. The Breaux-Thomas proposal includes market-based initiatives that require private health plans and the government run fee-for-service program to offer high option plans that include a standard benefits package and prescription drug benefits. In addition, the proposal includes an immediate prescription drug benefit for all low-income seniors (those earning up to 35 percent above the poverty level; \$10,568 per year for an individual and \$13,334 for a couple). President Clinton offered his own plan last year. His plan establishes a new “Medicare Part D” program that would pay for 50 percent of beneficiaries drug costs, beginning with the first prescription filled, up to a maximum program payment of \$1,000 in the first year (2002) and \$2,500 in 2008 when it is fully phased in. This is an optional program administered by HCFA that would cover all those who choose to enroll. Critics of the president’s proposal argue that it targets those who already have coverage and fails to provide coverage for those who cannot afford the high costs of the latest, breakthrough drug therapies.

The Ways & Means Committee is examining these proposals, as well as other reform options, as it continues to hold hearings on this issue. The House may consider legislation on a prescription drug benefit that is separate from the comprehensive Medicare reform.

Social Security Lock Box — The House may again consider legislation to establish a lock box mechanism to ensure that Social Security surpluses are not spent on other government programs. On May 26, 1999, the House passed legislation (H.R. 1259) by a vote of 416-12 to amend the 1974 Congressional Budget Act (*P.L. 93-344*) to establish a lock box mechanism by creating parliamentary obstacles and establishing new budget procedures. Although support for such a measure is generally bipartisan, controversy has arisen over the form it should take. While the Senate attempted to consider a similar measure last year, Senate Democrats blocked attempts to vote on the measure.

Social Security Reform — Both the president and the Republican leadership have previously identified Social Security reform as one of their top priorities. Several members, including Ways & Means Chairman Archer, have unveiled reform plans. Several of these are outlined below:

- * **The President’s Framework.** In his budget last year, the president proposed using 62 percent of the projected federal budget surpluses (\$2.8 trillion of some \$4.5 trillion in surpluses) over the next 15 years to simultaneously shore up the Social Security system and pay down the publicly-held debt. The framework fundamentally changes the self-financing nature of Social Security by using general revenues and private market investments to support the program. Historically, Social Security has been financed almost exclusively through dedicated payroll taxes. In addition, the president’s plan also called for allowing the government to invest almost \$600 billion of trust fund money in the stock

market for the first time ever, with the remainder invested in federal government securities. However, the draft legislation that the president sent to Congress last October does not include investing trust fund money in stocks. The administration estimates that this proposal will keep the system solvent until 2050. In addition, the president also proposed that \$500 billion of the budget surpluses be used to create new Universal Savings Accounts (USAs)—a 401(k)-like savings account that individuals will control to supplement Social Security benefits.

- * **Archer/Shaw Proposal.** The Archer/Shaw plan ends the practice of using Social Security funds to pay for other government programs and reserves 100 percent of payroll taxes for Social Security. The proposal maintains the current system in its entirety, including survivors' and disability benefits, and uses budget surpluses to modernize the financing of Social Security from a pay-as-you-go system to a partially pre-funded retirement plan. The Archer/Shaw plan gives workers an annual refundable income tax credit equal to two percent of a worker's wages that will be deposited in their own mandatory personal account, called a Social Security Guarantee Account (SSGA). Individuals would have the ability to choose where to invest their SSGA account, selecting from a government-approved list of 50 investment funds. Upon retirement, the SSGA account would help finance a individual's Social Security benefit (i.e., if the account were insufficient to finance a full benefit, the Social Security Administration would make up the difference; however, if it were worth more, the individual would realize the difference in the form of higher monthly benefits). Finally, the plan permanently repeals the Social Security earnings limit on seniors aged 62-69 by 2006.
- * **Kolbe/Stenholm Plan.** This proposal diverts two percentage points of the current 12.4 percent payroll tax into new personal accounts (available only to those under age 55). Current and near retirees would continue under the current Social Security program. Individuals would be permitted to save up to an additional \$2,000 per year through voluntary contributions to individual accounts (which would be administered based on the Thrift Savings Plan model). The proposal also provides a savings subsidy—through an additional tax credit—for low-income workers with taxable wages of less than \$30,000 annually. To qualify for the match a worker must voluntarily contribute to their personal account. The first dollar earns a \$150 match after which workers will receive 50 cents on every dollar contributed up to a cap of \$600 annually. In addition, the plan creates a guaranteed minimum benefit for low-income workers more robust than current law and gradually increases the eligibility age for full benefits to age 67 by 2011. Both the normal retirement age and early eligibility age would be indexed thereafter to keep pace with longevity. In addition, the plan modifies the benefit formula to reflect increases in longevity, phases-in changes to reduce initial guaranteed benefit levels for middle- and upper-income individuals, and establishes a new minimum benefit provision to strengthen the government safety net. Finally, the proposal eliminates the Social Security earnings test for workers who reach the normal retirement age.

The Ways & Means Committee held a series of hearings on the president's plan as well as other reform proposals. However, the direction of these proposals, as well as the politics of reforming the system known as "the third rail of politics," has made it difficult to garner compromise on any comprehensive reform package.

Tax Relief Legislation — Last year, both the House and Senate passed legislation (H.R. 2488; *H.Rept. 106-289*) to provide approximately \$792 billion in broad-based tax relief over 10 years. However, President Clinton vetoed the measure.

The House is expected to consider a number of individual, modest tax measures this year, many of which are similar to provisions included in last year's bill. Specifically, the House will likely consider measures to (1) repeal the marriage penalty; (2) expand the use of education savings accounts (ESAs) to include elementary and secondary school expenses and increase to \$2,000 annually the maximum amount of contributions that may be made to an ESA; (3) repeal the "death tax" (estate and gift taxes); (4) establish "Community Renewal" initiatives in urban and rural neighborhoods; (5) repeal the Social Security earnings limit; (6) renew the current moratorium on Internet taxes; (7) sunset the Tax Code; and (8) expand IRAs and enhance retirement incentives. Many of these initiatives will be debated individually but may be included as part of a broader package later in the year as well.

Finally, the Ways & Means Committee last year approved the tax portion of a minimum wage measure (H.R. 3081), which included approximately \$30.2 billion in tax relief over five years. The House may consider this bill in the coming months.

Trade Agency Authorizations, Drug Free Borders, and Online Child Pornography Prevention Act Conference Report (H.R. 1833) — On May 25, the House passed H.R. 1833 by a vote of 410-2. The Senate passed its version of the bill by unanimous consent on August 5. The bill reauthorizes funding for the U.S. Customs Service, the Office of the U.S. Trade Representative (USTR), and the International Trade Commission (ITC) and makes other changes to enhance border security and combat the entry of illegal drugs. The bill also (1) authorizes funding for equipment purchases and hiring additional customs inspectors, special agents, and canine officers to protect U.S. borders from illegal contraband; and (2) authorizes additional funding for customs drug interdiction efforts. Finally, the measure authorizes \$10 million for the Child Cyber-Smuggling Center to assist customs with its efforts to prevent child pornography and sexual exploitation. The House and Senate are expected to go to conference to resolve their differences on this measure early this year.

Vietnam Trade — The House may consider legislation to grant Vietnam normal trade relations (NTR) status if the United States and Vietnam conclude a bilateral trade agreement. On July 25, 1999, the Clinton Administration announced that the two countries had reached an "agreement in principle" on the terms of a bilateral commercial agreement. However, Vietnam's leaders have so far delayed signing the finalized agreement. If the agreement is signed and approved by Congress (thus extending NTR to Vietnam) before June 3 (*i.e.*, the date that the president decides whether to renew NTR extensions that are subject to annual renewal), Congress may consider a resolution to reject President Clinton's expected decision to extend NTR status to Vietnam for the following year.

If the pact is not approved before June 3, then Congress will likely consider a resolution to disapprove President Clinton's expected decision to renew Vietnam's waiver from the freedom of emigration requirements in the 1974 Trade Act based on his finding that the waiver would substantially promote achievement of the emigration objectives. Such a waiver, which the president has granted the last two years, makes U.S. exporters eligible for certain U.S. government trade financing programs, such as OPIC and Ex-Im Bank loan credits and guarantees, when doing business in Vietnam. In 1999, the House defeated a similar resolution (H.J. Res. 58; *H.Rept. 106-282*) by a vote of 130-297.

WTO Withdrawal Resolution — Congress will likely vote on whether the United States should remain a member of the WTO. Under the law implementing the 1994 GATT agreement (*P.L. 103-465*), which ratified the establishment of the WTO, any member of Congress may introduce a joint resolution to withdraw from the WTO after the Clinton Administration submits a report—due March 1—on the benefits of continued U.S. participation in the body.